

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

The Board of Directors of Luxchem Corporation Berhad (“LCB” or “the Company”) is pleased to announce the following unaudited consolidated results of LCB and its subsidiaries (collectively known as “the Group”) for the quarter ended 31 December 2016.

The Company is principally involved in investment holding while the subsidiaries of the Company are principally involved in the marketing and distribution of industrial chemicals and materials and the manufacture of Unsaturated Polyester Resins.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter (3 months)		Cumulative Quarters (12 months)	
	Current Quarter Ended 31-Dec-16 RM	Preceding Year Corresponding Quarter Ended 31-Dec-15 RM	Current Year Ended 31-Dec-16 RM	Preceding Year Ended 31-Dec-15 RM
Revenue	186,372,650	184,010,774	701,549,200	686,753,694
Cost of sales	(162,372,327)	(162,463,606)	(618,348,223)	(613,624,791)
<b>Gross profit</b>	<b>24,000,323</b>	<b>21,547,168</b>	<b>83,200,977</b>	<b>73,128,903</b>
Other operating income	1,358,196	(541,257)	5,455,934	8,797,963
Selling and distribution costs	(1,917,855)	(2,036,161)	(6,049,512)	(5,920,469)
Administrative expenses	(3,085,392)	(3,106,722)	(17,630,275)	(14,200,394)
Administrative expenses - Share Option Expense	(547,048)	4,287,117	(2,579,568)	(4,432,101)
Other operating expenses	(594,597)	(540,589)	(745,414)	(585,442)
<b>Operating profit</b>	<b>19,213,628</b>	<b>19,609,555</b>	<b>61,652,142</b>	<b>56,788,460</b>
Finance costs	(557,078)	(600,156)	(2,555,362)	(2,391,878)
<b>Profit before Tax</b>	<b>18,656,550</b>	<b>19,009,399</b>	<b>59,096,780</b>	<b>54,396,582</b>
Taxation	(5,251,525)	(3,601,235)	(15,423,065)	(14,801,414)
<b>Profit for the period</b>	<b>13,405,025</b>	<b>15,408,164</b>	<b>43,673,715</b>	<b>39,595,168</b>
Re-measurement of defined benefit obligations	(12,911)	6,593	(12,911)	6,593
Exchange gain/ (loss) on translation of foreign operations	8,482	(51,108)	9,799	(169,126)
Gain/(loss) on revaluation of available-for-sale investments	17,624	172,637	(202,843)	417,393
Reclassification adjustment for gain on disposal of available-for-sale investments included in profit or loss	-	15,750	-	15,750
<b>Total other comprehensive income</b>	<b>13,194</b>	<b>143,872</b>	<b>(205,955)</b>	<b>270,610</b>
<b>Total comprehensive income for the period</b>	<b>13,418,219</b>	<b>15,552,036</b>	<b>43,467,760</b>	<b>39,865,778</b>
Profit attributable to:				
-Owners of the parent	13,516,763	15,373,273	43,506,787	39,735,148
-Non controlling interest	(111,738)	34,891	166,927	(139,980)
Total comprehensive income attributable to:				
-Owners of the parent	13,525,857	15,529,413	43,325,039	40,061,783
-Non controlling interest	(107,637)	22,623	142,721	(196,004)
Earnings per share - Basic (Sen)	4.98	5.82	16.02	15.12
Earnings per share - Fully Diluted (Sen)	4.55	5.95	14.65	14.65

*The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.*

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

### NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Current Quarter Ended 31-Dec-16 RM</b>	<b>Current Year to date Ended 31-Dec-16 RM</b>
Interest Income	223,433	1,368,645
Other income	2,241,867	4,087,290
Interest Expense	354,315	2,555,362
Depreciation & amortisation	582,019	2,191,650
Foreign exchange (Gain)/Loss - realised	(2,135,304)	(2,011,315)
Foreign exchange (Gain)/Loss - unrealised	(627,913)	(676,954)
(Gain)/loss on derivatives	10,707	(17,998)

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31-Dec-16 RM	Audited As at 31-Dec-15 RM
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	39,020,581	27,699,521
Investment properties	-	116,979
Intangible assets	293,340	376,351
Other investments	957,179	1,160,021
Goodwill	35,802,888	-
Deferred tax assets	232,046	236,101
	<u>76,306,034</u>	<u>29,588,973</u>
<b>Current Assets</b>		
Inventories	72,656,622	51,207,773
Trade and other receivables	130,291,432	127,650,410
Derivative financial assets	4,117	-
Tax recoverable	1,632,399	1,206,810
Deposits, cash and bank balances	88,494,750	113,253,287
	<u>293,079,320</u>	<u>293,318,280</u>
<b>Total Assets</b>	<b><u>369,385,354</u></b>	<b><u>322,907,253</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	137,660,776	132,537,200
Share premium	11,759,663	2,689,578
Other reserves	5,120,474	4,081,393
Retained profits	76,247,242	51,977,659
<b>Total equity attributable to owners of the Company</b>	<u>230,788,155</u>	<u>191,285,830</u>
Non-controlling interests	300,491	(294,780)
<b>Total Equity</b>	<u>231,088,646</u>	<u>190,991,050</u>
<b>Non-current Liabilities</b>		
Hire purchase	508,882	177,229
Retirement benefits	346,300	222,043
Deferred tax liabilities	1,267,985	689,850
	<u>2,123,167</u>	<u>1,089,122</u>
<b>Current Liabilities</b>		
Trade and other payables	77,020,164	61,402,920
Hire purchase payables	323,907	62,306
Bankers' acceptances	55,649,498	61,733,393
Derivative financial liabilities	7,871	21,752
Taxation	3,172,101	7,606,710
	<u>136,173,541</u>	<u>130,827,081</u>
<b>Total Liabilities</b>	<u>138,296,708</u>	<u>131,916,203</u>
<b>Total Equity and Liabilities</b>	<b><u>369,385,354</u></b>	<b><u>322,907,253</u></b>
Net Assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.84	0.73

*The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.*

# LUXCHEM CORPORATION BERHAD

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year to date Ended 31-Dec-16 RM	Preceding Year Corresponding Period Ended 31-Dec-15 RM
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	59,096,780	54,396,582
Adjustments for :-		
Amortisation of intangible assets	141,706	104,978
Depreciation of property, plant and equipment	2,047,989	1,566,704
Amortisation of investment property	1,955	2,607
Defined benefit obligations	84,489	70,049
Dividend income	(129,519)	(12,286)
Loss of disposal of an investment	-	16,325
Net gain on changes in fair value of forward exc	(17,998)	50,432
Net gain on disposal of property, plant and equi	(238,872)	-
Impairment losses on trade receivables	222,151	551,501
Interest income	(1,368,645)	(1,812,442)
Interest expense	2,555,362	2,391,878
Inventories written off	44,250	691,806
Write down in value of inventories	726,033	527,369
Property, plant and equipment written off	46,372	3,362
Unrealised loss on foreign exchange	(676,954)	(334,807)
Reversal of impairment losses on trade receiva	(660,089)	(938,743)
Share options expense	2,579,568	4,432,101
<b>Operating profit before working capital changes</b>	64,454,579	61,707,416
Decrease/ (increase) in inventories	(17,915,430)	(16,683,991)
Decrease/ (Increase) in trade and other receiva	5,526,831	(10,919,331)
Increase/ (decrease) in trade and other payable	10,836,358	21,462,596
<b>Cash generated from operations</b>	62,902,338	55,566,690
Tax paid	(20,389,506)	(9,380,237)
Interest received	1,368,645	1,812,442
Interest paid	(2,555,362)	(2,391,878)
Retirement benefit paid	-	(681)
<b>Net cash (used in)/from operating activities</b>	41,326,115	45,606,336
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary	(34,938,968)	-
Purchase of property, plant and equipment	(7,648,065)	(3,051,361)
Purchase of intangible assets	(58,695)	(212,873)
Purchase of an investment	-	(24,840)
Additional injection of capital from Non-control	452,550	-
Proceeds from disposal of an investment	-	8,675
Proceeds from disposal of property, plant and e	355,821	-
Dividend received	129,519	12,286
Net cash used in investing activities	(41,707,838)	(3,268,113)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares under ESOS	3,662,293	3,644,674
Term Loan repayment	(838,954)	-
Bankers' acceptances obtained, net of repaymen	(8,920,063)	6,194,633
Hire purchase instalments paid	589,424	(102,881)
Dividend paid	(19,219,634)	(13,196,700)
<b>Net cash from/(used in)/ financing activities</b>	(24,726,934)	(3,460,274)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(25,108,657)	38,877,949
<b>Cash and cash equivalents at beginning of year</b>	113,253,287	74,157,347
<b>Foreign exchange difference</b>	350,120	217,991
<b>Cash and cash equivalent at end of the period</b>	88,494,750	113,253,287
<b>Cash and cash equivalents at end of year comprised:-</b>		
Deposits with financial institutions	21,328,926	52,994,934
Cash and bank balances	67,165,824	60,258,353
	88,494,750	113,253,287

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

#### Acquisition of a subsidiary

The Company completed its acquisition of Transform Master Sdn Bhd on 29 April 2016.

The fair value of net assets of Transform Master Sdn Bhd were as follows:-

	<b>Current Year to date Ended 31-Dec-16 RM</b>
Property, plant and equipment	5,730,745
Inventories	3,844,448
Trade and other receivables	6,044,094
Cash and bank balances	1,361,032
Borrowings	(2,612,726)
Trade and other payables	(3,896,411)
Current and deferred taxation	(774,070)
Total net assets at fair value	<u>9,697,112</u>
Goodwill arising from acquisition	35,802,888
Total purchase consideration	<u><b>45,500,000</b></u>
 <u>Satisfied by:</u>	
Shares allotted (5,184,851 x RM1.7744)	9,200,000
Cash	36,300,000
	<u><b>45,500,000</b></u>
Acquisition price satisfied by cash	36,300,000
Less: Cash and bank balances acquired	(1,361,032)
Cash flow on acquisition	<u><b>34,938,968</b></u>

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 12 months ended 31 December 2016

	Attributable to Owners of the Company								Non-controlling interests RM	Total RM
	Non - distributable				Distributable					
	Share capital RM	Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM	Total RM			
<b>2016</b>										
<b>Balance at 1 January 2016</b>	132,537,200	2,689,578	121,430	864,679	3,095,284	51,977,659	191,285,830	(294,779)	190,991,050	
Profit/(Loss) for the year	-	-	-	-	-	43,483,790	43,483,790	166,929	43,650,719	
Exchange gain/(loss) on translation of foreign operations	-	-	8,187	-	-	-	8,187	(20,333)	(12,146)	
Loss on changes in fair value of available-for-sale financial assets	-	-	-	(202,842)	-	-	(202,842)	-	(202,842)	
Remeasurement of defined benefit obligations	-	-	-	-	-	(9,038)	(9,038)	(3,873)	(12,911)	
Additional injection of capital	-	-	-	-	-	-	-	452,550	452,550	
<b>Total comprehensive income/(loss) for the year</b>	-	-	8,187	(202,842)	-	43,474,752	43,280,098	595,273	43,875,371	
Shares issued for acquisition of subsidiary	2,592,426	-	-	-	-	-	2,592,426	-	2,592,426	
<i>Transactions with owners of the Company</i>										
Share options granted under ESOS	-	-	-	-	2,579,568	-	2,579,568	-	2,579,568	
Issuance of shares pursuant to ESOS	2,531,150	9,070,085	-	-	(1,331,368)	-	10,269,868	-	10,269,868	
Cancellation of Share options	-	-	-	-	(14,465)	14,465	-	-	-	
Dividends paid	-	-	-	-	-	(19,219,634)	(19,219,634)	-	(19,219,634)	
<b>Balance at 31 December 2016</b>	<b>137,660,776</b>	<b>11,759,663</b>	<b>129,617</b>	<b>661,838</b>	<b>4,329,020</b>	<b>76,247,242</b>	<b>230,788,155</b>	<b>300,494</b>	<b>231,088,647</b>	

For the twelve months ended 31 December 2015

	Attributable to Owners of the Company								Non-controlling interests RM	Total RM
	Non - distributable				Distributable					
	Share capital RM	Share premium RM	Exchange translation reserve RM	Fair value adjustment reserve RM	Share Option reserve RM	Retained profits RM	Total RM			
<b>2015</b>										
<b>Balance at 1 January 2015</b>	130,000,000	250,483	232,554	431,536	-	25,429,399	156,343,972	(98,775)	156,245,197	
Profit/(Loss) for the year	-	-	-	-	-	39,735,148	39,735,148	(139,980)	39,595,168	
Exchange gain/(loss) on translation of foreign operations	-	-	(111,124)	-	-	-	(111,124)	(58,002)	(169,126)	
Loss on changes in fair value of available-for-sale financial assets	-	-	-	433,143	-	-	433,143	-	433,143	
Remeasurement of defined benefit obligations	-	-	-	-	-	4,616	4,616	1,977	6,593	
<b>Total comprehensive income/(loss) for the year</b>	-	-	(111,124)	244,757	-	39,739,764	40,061,783	(196,005)	39,865,778	
<i>Transactions with owners of the Company</i>										
Share options granted under ESOS	-	-	-	-	4,432,101	-	4,432,101	-	4,432,101	
Issuance of shares pursuant to ESOS	2,537,200	2,439,095	-	-	(1,331,621)	-	3,644,674	-	3,644,674	
Cancellation of share options	-	-	-	-	(5,196)	5,196	-	-	-	
Final dividend of 5 sen per share in respect of the financial year ended 31 December 2013	-	-	-	-	-	(13,196,700)	(13,196,700)	-	(13,196,700)	
<b>Balance at 31 December 2015</b>	<b>132,537,200</b>	<b>2,689,578</b>	<b>121,430</b>	<b>676,293</b>	<b>3,095,284</b>	<b>51,977,659</b>	<b>191,285,830</b>	<b>(294,780)</b>	<b>190,991,050</b>	

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year 31 December 2015 and the accompanying explanatory notes attached to this quarterly financial report.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

<b>PART A</b>	<b>NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING</b>
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### **A1. Basis of Preparation**

The unaudited interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and Chapter 9 Part K of the Bursa Securities Listing Requirements. Unless otherwise described below, the accounting policies and method of computation adopted for the interim financial statements were consistent with those adopted for the audited financial statements for the year ended 31 December 2015.

The accounting policies applied by the Group are consistent with those applied in the annual financial statements for the year ended 31 December 2015 other than the application of a new MFRS and amendments to MFRSs which became effective for annual period beginning on 1 January 2016. The initial application of these new MFRS and amendments to MFRSs has no material impact on this interim financial reporting.

### **A2. Auditors' Report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2015.

### **A3. Seasonal or cyclical factors**

The business operations of the Group were not significantly affected by seasonal or cyclical factors during the period under review

### **A4. Items of Unusual nature and Amount**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the quarterly financial reports.

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

### PART A NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 ("FRS 134"), INTERIM FINANCIAL REPORTING

#### A5. Issuance, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities

On 1 December 2014, the Company established an Employees' Share Option Scheme that entitles eligible directors and employees of the Group ("Eligible Persons") to participate in the ordinary share capital of the Company. The share option scheme has a tenure of five (5) years which expires on 30 November 2019.

The following shows the status of the options granted:

Date of grant	No. of options granted	No. of options vested		No. of options vested As at 31-Dec-16	Exercise price/ option Note 1	Fair Value /option Note 2	No. of options exercised						Vested Options cancelled As at 31 Dec 16	Balance of vested & exercisable options as at 31-Dec-16
		As at 31-Dec-15	YTD Q4 2016				YTD Dec 15	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YTD Dec 16		
		No	No				No	No	No	No	No			
22-Jan-15	31,986,000	6,397,200	6,264,200	12,661,400	0.71	0.265	4,939,400	727,800	3,103,500	992,000	63,000	4,886,300	44,000	2,791,700
22-Jun-15	1,446,000	289,200	277,200	566,400	1.02	0.168	135,000	32,000	69,000	45,000	-	146,000	12,000	273,400
22-Jun-16	2,540,000	-	635,000	635,000	1.47	0.399	-	-	-	30,000	-	30,000	15,000	590,000
	<b>35,972,000</b>	<b>6,686,400</b>	<b>7,176,400</b>	<b>13,862,800</b>			<b>5,074,400</b>	<b>759,800</b>	<b>3,172,500</b>	<b>1,067,000</b>	<b>63,000</b>	<b>5,062,300</b>	<b>71,000</b>	<b>3,655,100</b>

Note 1: The respective exercise price of the share options as above, was determined based on the volume weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer with a 10% discount.

Note 2: The fair value of the share options granted was measured using the Trinomial Option Pricing model.

#### A6. Segmental Information

Segmental results by business activities:-

	FYE 2016		FYE 2015	
	Revenue	Profit/ (loss) Before Tax	Revenue	Profit/ (loss) Before Tax
	RM	RM	RM	RM
<b>Business Activities:</b>				
Investment Holding	19,882,000	18,918,604	13,600,000	13,103,749
Trading	565,271,230	31,531,843	571,520,061	27,287,973
Manufacturing	206,695,965	28,946,574	177,108,292	27,490,308
Total	791,849,196	79,397,021	762,228,353	67,882,030
Consolidation Adjustments	(90,299,996)	(20,300,242)	(75,474,659)	(13,485,447)
	<b>701,549,200</b>	<b>59,096,779</b>	<b>686,753,694</b>	<b>54,396,583</b>



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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

<b>PART A</b>	<b>NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (“FRS 134”), INTERIM FINANCIAL REPORTING</b>
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### A7. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current period under review.

### A8. Capital commitments

Capital commitments as at 31 Dec 16	Amount RM
Capital expenditure in respect of purchase of property, plant and equipment - authorised and contracted for	8,084,522
	<u>8,084,522</u>

### A9. Changes in the Composition of the Group

There was no change in the composition of the group during the current period and year to date other than as disclosed below:

On 30 October 2015, the Company had announced that the Company had on 10 October 2015 obtained an Investment Certificate dated 8 October 2015 for the establishment of a limited liability enterprise known as Luxchem Vietnam Company Limited (“LVCL”). The principal activity of LVCL is distribution of industrial chemical. The charter capital of LVCL is VND10,692,500,000 equivalent to USD500,000. The Company is required to inject the fund of USD500,000 into LVCL within 90 days from the date of business registration.

On 30 November 2015, the Company had announced that LVCL had on 25 November 2015 obtained the Certificate of Company Registration from Department of Planning & Investment of Ho Chi Minh City. Following the issuance of the Certificate of Company Registration, LVCL is able to commence its business in Vietnam.

For further detail, please refer to the announcements made on 30 October 2015 and 30 November 2015. The Company has consolidated LVCL into its group accounts with effect from 1<sup>st</sup> quarter 2016.

# **LUXCHEM CORPORATION BERHAD**

(Company No: 224414-D)

(Incorporated in Malaysia)

## **QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016**

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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The Company, had on 29 April 2016, announced that the Acquisition of Transform Master Sdn Bhd (TMSB) has been completed in accordance with the terms of the Share Sale Agreement. Accordingly, TMSB is now a wholly-owned subsidiary of the Company.

For further detail, please refer to the announcements made on 27 January 2016, 28 January 2016, 25 March 2016, 8 April 2016, 15 April 2016 and 29 April 2016 in relation to the Acquisition.

The Company has consolidated TMSB into its group accounts with effect from 2<sup>nd</sup> quarter 2016.

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## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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### B1. Review of performance of the Company and its principal subsidiaries

	<b>Current Quarter Ended 31-Dec-16 RM</b>	<b>Preceding Year Corresponding Quarter Ended 31-Dec-15 RM</b>	<b>Variance RM</b>
Revenue	186,372,650	184,010,774	2,361,876
Profit Before Tax	18,656,550	19,009,400	(352,850)

Revenue for the current quarter is higher than the preceding year corresponding quarter. This is mainly due to higher contribution from the manufacturing segment.

However, Profit Before Tax for the current quarter is lower than the preceding year corresponding quarter. This is due to lower contribution from trading segment.

	<b>Current Quarter Ended 31-Dec-16 RM</b>	<b>Previous Quarter Ended 30-Sep-16 RM</b>	<b>Variance RM</b>
Revenue	186,372,650	179,358,420	7,014,231
Profit Before Tax	18,656,550	13,434,567	5,221,982

Revenue for the current quarter is higher than the previous quarter due to higher contribution from both trading and manufacturing segments.

Profit Before Tax for the current quarter is higher than the previous quarter, due to higher contribution from the manufacturing segment.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

(Incorporated in Malaysia)

## QUARTERLY FINANCIAL REPORT AS AT 31 DECEMBER 2016

<b>PART B</b>	<b>NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS</b>
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### **B2. Prospects for the following financial year**

Fluctuations in exchange rates and raw material prices will continue to be a challenge to the Group. However, the Directors remain positive with the Group's prospects.

### **B3. Variance between Actual Profit and Forecast Profit**

The Group did not issue any profit forecast in a public document during the current financial period.

### **B4. Taxation**

	Current Quarter Ended 31-Dec-16 RM	Current Year Ended 31-Dec-16 RM
Current tax expenses	(5,100,266)	(15,271,806)
Deferred Taxation	<u>(151,259)</u>	<u>(151,259)</u>
	<u>(5,251,525)</u>	<u>(15,423,065)</u>

The effective tax rate of the Group is higher than the statutory tax rate.

This is because the Share Option Expenses charged to Profit and Loss is not allowable for tax purpose.

# LUXCHEM CORPORATION BERHAD

(Company No: 224414-D)

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### B5. Group borrowings and debt securities

The Group's borrowings as at 31 December 2016 as follows:-

	<b>Secured RM</b>	<b>Unsecured RM</b>	<b>Total RM</b>
<u>Short term borrowing:-</u>			
Bankers' Acceptance	-	55,649,498	55,649,498
Hire Purchase Payable	323,907	-	323,907
	<u>323,907</u>	<u>55,649,498</u>	<u>55,973,405</u>
<u>Long Term borrowings:-</u>			
Hire Purchase Payable	508,882	-	508,882
	<u>508,882</u>	<u>-</u>	<u>508,882</u>
Total	<u>832,789</u>	<u>55,649,498</u>	<u>56,482,287</u>

### B6. Realised and Unrealised Profit

	<b>Current financial year ended 31 Dec 16 RM</b>	<b>31-Dec-15 RM</b>
Total retained profits of LCB and its subsidiaries		
- Realised Profit	152,019,919	120,719,267
- Unrealised Profit/ (loss)	<u>(380,339)</u>	<u>(140,694)</u>
	151,639,580	120,578,573
- Consolidation adjustments	<u>(75,392,336)</u>	<u>(68,600,914)</u>
Retained profits as per financial statements	<u>76,247,244</u>	<u>51,977,659</u>

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### **B7. Financial Guarantee**

The Company has provided various financial guarantees to banks for the guarantee of credit facilities granted to its various subsidiaries. As at 31 December 2016, the amount of bank borrowings of its subsidiaries guaranteed by the company amounted to RM 55.65 million.

In addition, the Company has also provided Corporate Guarantee to Suppliers in respect of credit facilities granted to subsidiaries. As at 31 December 2016, the amount of Corporate Guarantee to suppliers amounted to RM 15.93 million. The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognised the value of the obligation under the Financial Guarantee in its books.

### **B8. Material Litigation**

As at 31 December 2016, neither our Company nor any of our subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company our subsidiaries.

### **B9. Proposed Dividend**

The Board of Directors proposed a single tier final dividend of 4.5 sen per ordinary share for the financial year ended 31 December 2016. The proposed dividend is subject to the Shareholders' approval at the forthcoming Annual General Meeting. The dates of entitlement and payment shall be determined by the Board of Directors at the subsequent stage

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### **B10. Earnings per share**

(a) Basic earnings per share

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company of RM13.52 million for the current quarter and RM43.51 million for the current financial year-to-date as at 31 December 2016 and on the weighted average number of shares in issue of 271,630,711 as at 31 December 2016.

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the Group's profit attributable to equity holders of the Company of RM13.52 million for the current quarter and RM43.51 million for the current financial year-to-date as at 31 December 2016 and the adjusted weighted average number of ordinary shares in issue of 297,010,948 as at 31 December 2016.

By order of the Board,

Chen Moi Kew  
Director / Chief Financial Officer  
Date: 16 February 2017